

Memorandum

Date : September 14, 1999

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File: Memo002.Doc

From : California Energy Commission - Richard K. Buell
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Subject : Three Mountain Power Project (99-AFC-2) Staff Status Report #1

The Three Mountain Power Project Committee's August 31, 1999 **Committee Scheduling Order** directed parties to file a status report on September 16, 1999. At this time, staff has nothing new to report on the issues described in its Issues Identification Report. The following are staff's comments on the Committee's schedule.

SCHEDULE

INFORMATIONAL AND ISSUES WORKSHOPS

The Committee's August 31, 1999 order identified that public workshops on topics of concern would be scheduled in August-November. Staff has scheduled the first of these workshops for September 21, 1999, 6:30 p.m. to 10:30 p.m., at the Lions Hall in Burney, California.

PRELIMINARY FACILITIES STUDY

The Committee's August 31, 1999 order identified that the California Independent System Operator (ISO) commented on Pacific Gas and Electric's (PG&E) Preliminary Facility Study on July 2, 1999. On July 7, 1999, the ISO finalized their letter to Les Toth, accepting the Preliminary Facilities Study and granting preliminary interconnection approval.¹ There were no substantive differences in the letters.

DETAILED FACILITIES STUDY

The Committee's August 31, 1999 order identified that the applicant would provide the Detailed Facilities Study to the ISO and Energy Commission in Early September 1999. Staff believes that it is infeasible to provide the Detailed Facilities Study in early September 1999, and it may be unnecessary to provide it during the certification process. Staff apologizes for any confusion it may have raised in its August 9, 1999 Issues Identification Report regarding the interconnection studies to be conducted for this project.² We hope the following provides clarification of the purpose of the Facilities Studies and provides a strategy that staff and the Committee can take to ensure that Transmission Agency of Northern California's (TANC) comments have been addressed.

¹ Staff docketed and served this revised letter on August 4, 1999, under Energy Commission letterhead, explaining that this more recent version should replace the version that staff had docketed and served on July 26, 1999.

² Staff first notes that a number of different names have been used in the various siting cases to identify the interconnection studies to be conducted for a project. The names that we will use in this case are the Preliminary Facilities Study and Detailed Facilities Study.

The first study conducted by the Participating Transmission Owner (PTO; in this case PG&E) is the Preliminary Facilities Study. The purpose of the Preliminary Facilities Study is to identify any transmission facilities needed to interconnect a project to the PTO transmission system, to identify any system reliability implications resulting from the proposed project interconnection, and to identify measures to address these reliability implications. The Preliminary Facilities Study would ideally be completed prior to filing the Application for Certification (application), so that any environmental consequences resulting from new or modifications to existing transmission facilities can be identified and addressed in the application. In the Three Mountain Power Project case, the Preliminary Facilities Study was completed on May 14, 1999, and was provided to the ISO (staff received its copy on September 2, 1999, in response to data request no. 38). The ISO would normally approve the Preliminary Facilities Study early in the discovery phase of the project (in this case we received their approval on July 7, 1999). The ISO's approval of the Preliminary Facilities Study is usually sufficient to ensure that staff's review will have considered any environmental consequences of transmission facilities needed to interconnect the project and to address reliability implications.

The next step is for the PTO to conduct the Detailed Facilities Study. The purpose of the Detailed Facilities Study is to provide the engineering details of the transmission facilities required to be added to interconnect the project and provide engineering or operational details of the measures proposed to address reliability implications of the project interconnection. The Detailed Facilities Study would normally be completed late in the certification process or in some cases, post certification. In this case, we would not expect it will be completed until February 2000. In most cases, the results the Detailed Facilities Study are not necessary in order for staff to conduct a complete environmental and engineering review of the project. The exception would occur in instances where the engineering details are necessary to evaluate the environmental consequences of the interconnection.

TANC has raised concerns regarding the May 14, 1999 Preliminary Facilities Study, which potentially complicates the process outlined above. TANC's concerns relate to negative impacts on power imports carried by the California Oregon Intertie (COI), which is a congestion issue (commercial), not a reliability concern. Staff has no reason to believe that the May 14, 1999 Preliminary Facilities Study, and the ISO's approval have not adequately addressed system reliability implications of the project. However, we have just received the Preliminary Facilities Study, and therefore, have not had the opportunity to reach any conclusions. We believe the most appropriate way to proceed is not to require the Detailed Facilities Study at this time, but for staff to complete its review of the Preliminary Facilities Study, to issue additional data requests (if appropriate) and to conduct additional workshops (if necessary). A data response workshop is scheduled for September 22, 1999. Should any refinement to the facilities study be identified to address reliability concerns as a result of this process, these could be addressed in the Detailed Facilities Study.

WILLIAM J. KEESE, Chairman and Presiding Member
ROBERT A. LAURIE, Associate Member
September 15, 1999
Page 3

TANC's commercial (congestion) concerns could be addressed in an operations/planning study that would examine simultaneous import and export capacities of the system with and without the proposed project to determine whether there were any adverse effects. However, such a study is not normally part of the Preliminary or Detail Facilities Study, but rather part of regional planning studies. Furthermore, the results of such a regional study would not likely result in the addition of transmission facilities. The study could identify potential upgrades to existing substations (all within the existing fence line) that would not likely result in any environmental impacts.

AIR QUALITY AND WATER RESOURCES DATA REQUESTS

The Committee's August 31, 1999 order directed staff to issue its air quality and water data requests by early September 1999 (early 1-10). On August 11, 1999, staff issued air quality data requests. Responses to staff data requests are expected on September 13, 1999, except for those requests related to the applicant's emission offset plan. Responses to staff's data requests related to the applicant's offset plan are due on October 22, 1999. On September 1, 1999, the Shasta County Air Quality Management District issued its data requests. Staff may issue additional air quality data requests pending review of the responses received and issues raised by the public and intervenors during the workshops.

Staff issued its soil and water resources data requests on September 14, 1999. Staff wishes to advise the Committee and applicant that, at this time, staff continues to experience difficulty in hiring additional qualified water resources staff. Consequently, staff's soil and water resources data requests were late. Although staff is in the process of hiring additional staff, staff constraints in soil and water resources may continue to delay staff products in for the topic area.

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cc: 99-AFC-2 Proof of Service List
Three Mountain Agency List